

TEACHERS' RETIREMENT BOARD

INVESTMENT COMMITTEE

Subject:	Credit Enhancement Program- Activity Status Report	Item Number: <u>10</u>
		Attachment(s): <u>2</u>

Action:	<u> </u>	Date of Meeting: <u>September 1, 1999</u>
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Information:	<u> X </u>	Presenters: <u> Mr. Rose </u>
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EXECUTIVE SUMMARY

CalSTRS recently closed on a \$3.2 million transaction for Ojai Industrial Tools and a \$1.8 million transaction for Van R Dental Products. CalSTRS provided confirming letters-of-credit for both transactions.

The following transactions were previously reported and are expected to close in the near future, APM Inc., (\$1.5 million), Packaging Innovators Corp. (\$3.1 million), and DV Industries (\$3.0 million). CalSTRS will provide a direct pay letter-of-credit for each of these transactions.

CalSTRS will be providing confirming letters-of-credit for two new transactions. The first transaction is a \$11.7 million transaction supporting Primero Grove Student Apartments in Davis. The borrower is an affiliate of The Ecumenical Association for Housing (EAH) which is a non profit organization. CalSTRS' involvement will lower the interest rate cost of the project. The second transaction supports a \$5 million industrial development bond for Starter and Alternator Exchange located in Pacoima. CalSTRS will provide a confirming letter-of-credit for both transactions.

1. Primero Grove Student Apartments, Davis

In 1998, a \$11.7 million bond was issued for the benefit of Beckett Hall, Inc., a California nonprofit public benefit corporation (Borrower) to finance and construct a 181-unit multifamily rental housing development on the campus of the University of California, Davis. The project is known as Primero Grove Student Apartments. The borrower is an affiliate of The Ecumenical Association for Housing (EAH) which is a nonprofit corporation. It was created 29 years ago to develop, manage and advocate for affordable housing. EAH will manage the Project on behalf of the Borrower. By having CalSTRS replace the existing confirming letter-of-credit financial institution, the borrower will have lower interest rates.

The project is located on a five-acre site on the Campus of the University of California at Davis, Ca. It provides 300 beds of student housing in 181 dwelling units, including studios and one-, two-, three-, and four-bedroom units.

2. Starter and Alternator Exchange, Inc., dba Startex, Pacoima

CalSTRS will provide a \$5 million confirming letter-of-credit in support of Starter and Alternator Exchange. The bond proceeds will be used to acquire real property and an existing 108,000 square foot manufacturing facility in the city of Pacoima. New cleaning equipment will also be purchased. The company is a remanufacturer of auto parts for foreign and domestic vehicles. The remanufactured parts include, but are not limited to, alternators, starters, cv shafts, rack and pinions, and power steering pumps. Major customers include NAPA, Chief Auto Parts and Kragen Auto Parts. An estimated 180 jobs will be created by the company expansion.

CalSTRS CREDIT ENHANCEMENT PROGRAM

PROGRAM SUMMARY AS OF JULY 31, 1999

Attachment 1
Item 10

Transactions	Type	Closing Date	End of Commitment	STRS Commitment	Interest	Total Commitment	Fiscal 1999 - 00 Fee Income	Fee Income To Date
DIRECT RISK								
Port of Long Beach	Liquidity	Jun-94	Sep-00	\$75,000,000	\$0	\$75,000,000	\$25,919	\$276,891
Bridge - Richmond Townhomes	Expired. Redeemed as of Feb-97.							\$15,096
USA Waste Industries	Credit	Nov-94	Nov-99	\$9,764,121	\$0	\$9,764,121	\$0	\$257,859
Sanifill, Inc.	Expired. Redeemed as of Jan-98.			\$0	\$0	\$0	\$0	\$87,618
San Diego Unified Port District (2)	Credit	Oct-97	Oct-02	\$35,000,000	\$1,365,243	\$36,365,243	\$0	\$38,332
San Diego Unified Port District (2)	Credit	Oct-97	Oct-02	\$15,000,000	\$585,104	\$15,585,104	\$0	\$34,483
Pasadena Parking Authority	Credit	Jan-98	Jan-03	\$9,000,000	\$693,750	\$9,693,750	\$7,519	\$43,454
Pasadena Rosebowl (22)	Credit	Jun-98	Jun-01	\$15,600,000	\$276,956	\$15,876,956	\$12,667	\$45,668
CHFA 1998 Series M	Credit	Apr-99	Jul-01	\$9,125,000	\$707,188	\$9,832,188	\$0	\$0
CHFA 1998 Series P	Credit	Apr-99	Jul-01	\$5,000,000	\$387,500	\$5,387,500	\$0	\$0
CHFA 1998 Series T	Credit	Apr-99	Jul-01	\$25,000,000	\$1,937,500	\$26,937,500	\$0	\$0
Kern High School 1995A	Credit	Jul-99	May-01	\$6,169,343	\$0	\$6,169,343	\$0	\$0
Kern High School 1995B	Credit	Jul-99	May-01	\$4,716,233	\$0	\$4,716,233	\$0	\$0
Kern High School 1999	Credit	Jul-99	Jul-02	\$7,500,000	\$147,945	\$7,647,945	\$0	\$0
SUBTOTAL				\$216,874,696	\$6,101,185	\$222,975,882	\$46,105	\$799,401
DIRECT RISK - SECURED								
Buck Research on Aging	Credit	Dec-96	Dec-99	\$27,500,000	\$397,808	\$27,897,808	\$0	\$461,141
BOND INSURED								
Adventist West	Credit	Feb-98	Feb-05	\$114,500,000	\$1,693,973	\$116,193,973	\$0	\$185,499
DIRECT PAY LETTERS OF CREDIT								
Pt. Loma College	Expired. Redeemed as of Nov-98.			\$0	\$0	\$0	\$0	\$360,334
City of Visalia (California)	Credit	Sep-96	Sep-02	\$3,385,000	\$70,111	\$3,455,111	\$0	\$54,604
LA Fairplex	Credit	Jul-97	Jul-02	\$17,680,000	\$689,643	\$18,369,643	\$0	\$163,340
Master-Halco Series 1986-II	Credit	Nov-98	Nov-01	\$1,900,000	\$39,978	\$1,939,978	\$0	\$1,000
TransAmerica Series 1986-V	Expired. Redeemed as of Jul-99.			\$0	\$0	\$0	\$1,000	\$1,000
CSCDA - IDB's								
Series 1994B								
Propak of California	Credit	Nov-94	Nov-01	\$2,720,000	\$60,809	\$2,780,809	\$2,312	\$52,258
J. Michelle/Edie Lee	Credit	Nov-94	Nov-01	\$2,000,000	\$44,712	\$2,044,712	\$2,009	\$53,978
Pasco Scientific	Credit	Dec-94	Dec-01	\$2,295,000	\$51,307	\$2,346,307	\$2,279	\$53,141
American River Packaging	Credit	Dec-94	Dec-01	\$1,725,000	\$38,564	\$1,763,564	\$1,757	\$34,418
Lance Camper Manuf.	Credit	Dec-94	Dec-01	\$3,225,000	\$72,099	\$3,297,099	\$3,129	\$65,778

CalSTRS CREDIT ENHANCEMENT PROGRAM

PROGRAM SUMMARY AS OF JULY 31, 1999

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CSCDA - IDB's								
Series 1989-90								
Intermountain Trading	Credit	Feb-95	Feb-02	\$290,000	\$6,483	\$296,483	\$445	\$9,176
Andercraft Products	Credit	Feb-95	Feb-02	\$775,000	\$17,326	\$792,326	\$1,395	\$28,714
Sunclipse, Inc. (Alhambra)	Credit	Feb-95	Feb-02	\$3,200,000	\$71,540	\$3,271,540	\$3,106	\$53,082
Sunclipse, Inc. (Union City)	Credit	Feb-95	Feb-02	\$2,135,000	\$47,730	\$2,182,730	\$2,132	\$38,893
Busseto Foods, Inc. (Rapelli of CA	Credit	Mar-95	Mar-02	\$2,500,000	\$55,890	\$2,555,890	\$2,466	\$41,865
AHNNN, Inc.	Expired. Redeemed as of Sept-97.			\$0	\$0	\$0	\$0	\$9,416
Zarn, Inc.	Expired. Redeemed as of July 1, 1			\$0	\$0	\$0	\$858	\$23,635
Marcel & Marge Schurman	Expired. Redeemed as of June 2, 1			\$0	\$0	\$0	\$1,786	\$31,689
Charles & Loralie Harris	Credit	Mar-95	Feb-02	\$2,170,000	\$48,513	\$2,218,513	\$2,412	\$42,249
American Zettler	Credit	Mar-95	Mar-02	\$1,975,000	\$44,153	\$2,019,153	\$0	\$30,463
Aqua Serv Engineering	Credit	Mar-95	Mar-02	\$1,300,000	\$29,063	\$1,329,063	\$0	\$39,960
Contech Engineering Prod.	Credit	Mar-95	Mar-02	\$1,200,000	\$26,827	\$1,226,827	\$0	\$21,109
Evapco, Inc.	Credit	Mar-95	Mar-02	\$450,000	\$10,060	\$460,060	\$0	\$8,830
Florestone Products Co.	Credit	Mar-95	Mar-02	\$1,345,000	\$30,069	\$1,375,069	\$0	\$24,333
Grundfos Pumps Company	Credit	Mar-95	Mar-02	\$6,000,000	\$134,137	\$6,134,137	\$0	\$78,175
Instrument Specialities Co.	Credit	Mar-95	Mar-02	\$625,000	\$13,973	\$638,973	\$0	\$13,020
McCain Citrus	Credit	Mar-95	Mar-02	\$3,000,000	\$67,068	\$3,067,068	\$0	\$34,682
Mc Elroy Metal Mills, Inc.	Credit	Mar-95	Mar-02	\$220,000	\$4,918	\$224,918	\$0	\$12,030
NRI, Inc.	Credit	Mar-95	Mar-02	\$1,425,000	\$31,858	\$1,456,858	\$0	\$22,346
W & H Voortman, Inc.	Credit	Mar-95	Mar-02	\$2,400,000	\$53,655	\$2,453,655	\$0	\$30,418
Image Laboratories, Inc.	Expired. Redeemed as of Dec-96.			\$0	\$0	\$0	\$0	\$26,854
Allwire, Inc.	Credit	Mar-95	Mar-02	\$300,000	\$6,707	\$306,707	\$574	\$10,567
Fairway Molds, Inc.	Credit	Mar-95	Mar-02	\$600,000	\$13,414	\$613,414	\$1,241	\$24,359
S & P Investments	Credit	Mar-95	Mar-02	\$1,165,000	\$26,045	\$1,191,045	\$1,365	\$23,327
Northwest Pipe & Casing	Credit	Apr-95	Apr-02	\$2,750,000	\$61,479	\$2,811,479	\$3,266	\$55,277
Reliance Upholstery	Expired. Redeemed as of Oct-98.			\$0	\$0	\$0	\$0	\$9,261
Zieman Manufacturing	Credit	Apr-95	Apr-02	\$385,000	\$8,607	\$393,607	\$973	\$12,249
CSCDA - IDB's								
Series 1995A								
Carvin Corporation	Credit	Jun-95	Aug-02	\$2,040,000	\$45,607	\$2,085,607	\$0	\$42,349
Leegin Creative Leather Prod.	Expired. Redeemed as of Dec-97.			\$0	\$0	\$0	\$0	\$19,469
Kennerley-Spratling	Credit	Jun-95	Aug-02	\$2,470,000	\$55,220	\$2,525,220	\$0	\$50,924
Vantage Properties	Credit	Jun-95	Aug-02	\$1,470,000	\$32,864	\$1,502,864	\$0	\$29,231
BNG Properties, LLC	Expired. Redeemed as of Aug-96.			\$0	\$0	\$0	\$0	\$12,253
Staub Metals, Inc.	Credit	Aug-95	Aug-02	\$1,020,000	\$22,803	\$1,042,803	\$0	\$24,523
Aerostar Partners, Inc.	Credit	Sep-95	Sep-02	\$4,095,000	\$91,548	\$4,186,548	\$4,199	\$67,467
Walker Spring and Stamping Corp	Credit	Sep-95	Sep-02	\$3,400,000	\$76,011	\$3,476,011	\$3,289	\$54,178
Encore Video, Inc.	Expired. Redeemed as of Oct-98.			\$0	\$0	\$0	\$0	\$11,691
EuroDesign Cabinets, Inc.	Credit	Sep-95	Sep-02	\$905,000	\$20,232	\$925,232	\$1,008	\$17,818
South Bay Circuits, Inc.	Credit	Sep-95	Sep-02	\$1,800,000	\$40,241	\$1,840,241	\$1,826	\$30,641
W & H Voortman, Inc.	Credit	Sep-95	Sep-02	\$1,020,000	\$22,803	\$1,042,803	\$1,113	\$17,837
Red Line Oil Co.	Credit	Nov-95	Nov-01	\$1,035,000	\$23,139	\$1,058,139	\$1,246	\$19,623
Johansen Dielectics	Credit	Nov-95	Nov-01	\$1,950,000	\$43,595	\$1,993,595	\$2,083	\$39,441
Peet's Coffee	Credit	Dec-95	Dec-01	\$2,620,000	\$58,573	\$2,678,573	\$2,696	\$45,696
Safariland	Credit	Sep-96	Sep-02	\$3,700,000	\$76,636	\$3,776,636	\$0	\$22,528
Control Air Conditioning	Credit	Jun-97	Jun-02	\$4,500,000	\$81,370	\$4,581,370	\$0	\$50,725

CSCDA - IDB

Series 1996M

CalSTRS CREDIT ENHANCEMENT PROGRAM
PROGRAM SUMMARY AS OF JULY 31, 1999

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Transactions	Type	Closing Date	End of Commitment	STRS Commitment	Interest	Total Commitment	Fiscal 1999 - 00 Fee Income	Fee Income To Date
Cordeiro Vault Co., Inc.	Credit	Dec-96	Dec-01	\$1,070,000	\$23,921	\$1,093,921	\$1,418	\$16,283
CSCDA - IDB Series 1996M								
Fibrebond West, Inc.	Credit	Dec-96	Dec-01	\$5,410,000	\$120,947	\$5,530,947	\$5,247	\$81,326
SUBTOTAL				\$109,645,000	\$2,712,249	\$112,357,249	\$58,632	\$2,249,828

CalSTRS CREDIT ENHANCEMENT PROGRAM
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Item 10

Transactions	Type	Closing Date	End of Commitment	STRS Commitment	Interest	Total Commitment	Fiscal 1999 - 00 Fee Income	Fee Income To Date
CONFIRMING LETTERS OF CREDIT								
Confirmation #1 Suncreek Apts.	Credit	Apr-96	Apr-02	\$6,800,000	\$78,247	\$6,878,247	\$8,693	\$136,893
Confirmation #2 CMIG LLC	Terminated as of August 28, 1998.			\$0	\$0	\$0	\$0	\$5,514
Confirmation #3 Monrovia Redevelopment Agency	Credit	Jan-98	Jan-02	\$8,600,000	\$229,727	\$8,829,727	\$4,321	\$41,708
Confirmation #4 & #5 First Class Foods / Alliance	Credit	Apr-98	Apr-03	\$3,750,000	\$55,479	\$3,805,479	\$0	\$5,708
Confirmation #6 Western Saw	Credit	Jun-98	Jun-03	\$3,600,000	\$53,260	\$3,653,260	\$1,847	\$12,888
Confirmation #7 St. Vincent de Paul	Credit	May-99	May-02	\$7,485,000	\$110,737	\$7,595,737	\$0	\$15,603
Confirmation #8 Delta Tau Data Systems	Credit	Aug-98	Aug-02	\$5,800,000	\$85,808	\$5,885,808	\$0	\$20,761
Confirmation #9 Dix Metals	Credit	Sep-98	Sep-01	\$5,560,000	\$82,258	\$5,642,258	\$5,705	\$19,936
Confirmations #10 & #11 City of Fillmore	Credit	Sep-98	Sep-01	\$13,110,000	\$249,988	\$13,359,988	\$0	\$27,091
Confirmation #12 Accurate Engineering	Credit	Oct-98	Oct-01	\$5,000,000	\$73,973	\$5,073,973	\$0	\$12,347
Confirmation #13 The Terraces/Park Marino	Credit	Oct-98	Oct-01	\$8,000,000	\$131,507	\$8,131,507	\$0	\$26,111
Confirmation #14 Santa Paula (Water Supply)	Credit	Nov-98	Nov-01	\$24,500,000	\$467,178	\$24,967,178	\$0	\$12,067
Confirmation #15 Mission Viejo	Credit	May-99	May-06	\$31,100,000	\$2,177,853	\$33,277,853	\$0	\$24,265
Confirmation #16 City of Fillmore	Credit	Mar-99	Jun-02	\$7,345,000	\$137,643	\$7,482,643	\$3,409	\$3,409
Confirmation #17 City of Ontario	Credit	Mar-99	Mar-03	\$8,270,000	\$152,259	\$8,422,259	\$0	\$8,843
Confirmation #18 City of Ontario	Credit	Mar-99	Mar-03	\$6,670,000	\$120,609	\$6,790,609	\$0	\$6,791
Confirmation #19 Watt Four	Credit	May-99	May-02	\$2,750,000	\$46,109	\$2,796,109	\$5,934	\$5,934
Confirmation #20 Evergreen	Credit	Jun-99	Jun-02	\$2,525,000	\$37,357	\$2,562,357	\$1,619	\$5,463
Confirmation #21 Fontana Redevelopment	Credit	Jun-99	Jun-02	\$3,114,361	\$0	\$3,114,361	\$6,315	\$6,315
Confirmation #22 New United Motor (NUMMI)	Credit	Jun-99	May-00	\$11,015,000	\$130,369	\$11,145,369	\$759	\$759
Confirmation #23 Inland	Credit	Jun-99	Jun-02	\$44,485,000	\$2,925,042	\$47,410,042	\$0	\$0
Confirmation #24 Van R Dental	Credit	Jul-99	Jul-02	\$1,645,000	\$21,093	\$1,666,093	\$602	\$602
Confirmation #25 Fulton Properties	Credit	Jul-99	Jul-02	\$3,485,000	\$58,434	\$3,543,434	\$1,000	\$1,000
SUBTOTAL				\$214,609,361	\$7,424,930	\$222,034,291	\$40,203	\$400,008

CalSTRS CREDIT ENHANCEMENT PROGRAM
PROGRAM SUMMARY AS OF JULY 31, 1999

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Item 10

Transactions	Type	Closing Date	End of Commitment	STRS Commitment	Interest	Total Commitment	Fiscal 1999 - 00 Fee Income	Fee Income To Date
TOTAL:				\$683,129,057	\$18,330,146	\$701,459,203	\$144,940	\$4,095,877

CalSTRS CREDIT ENHANCEMENT PROGRAM
BANK EXPOSURE
PROGRAM SUMMARY AS OF JULY 31, 1999

Deal	Commitment	Interest	Total	Portfolio Percentage
PARTNER INSTITUTION				
Port of Long Beach				
Canadian Imperial Bank of Commerce (CIBC)	\$75,000,000	\$0	\$75,000,000	10.98%
Buck Research Center on Aging (CIBC)	\$27,500,000	\$397,808	\$27,897,808	4.03%
USA Waste Industries				
Bank of California	\$9,764,121	\$0	\$9,764,121	1.43%
San Diego Unified Port District (CIBC)	\$35,000,000	\$1,365,243	\$36,365,243	5.12%
San Diego Unified Port District (CIBC)	\$15,000,000	\$585,104	\$15,585,104	2.20%
Pasadena Parking Authority (CIBC)	\$9,000,000	\$693,750	\$9,693,750	1.32%
Pasadena Rose Bowl (CIBC)	\$15,600,000	\$276,956	\$15,876,956	2.28%
Kern High School 1995A (CIBC)	\$6,169,343	\$0	\$6,169,343	0.90%
Kern High School 1995B (CIBC)	\$4,716,233	\$0	\$4,716,233	0.69%
Kern High School 1999 (CIBC)	\$7,500,000	\$147,945	\$7,647,945	1.10%
CHFA 1998 Series M				
Bank of America	\$9,125,000	\$707,188	\$9,832,188	1.34%
CHFA 1998 Series P				
Bank of America	\$5,000,000	\$387,500	\$5,387,500	0.73%
CHFA 1998 Series T				
Bank of America	\$25,000,000	\$1,937,500	\$26,937,500	3.66%
TOTAL - PARTNER INSTITUTION	\$244,374,696	\$6,498,993	\$250,873,690	35.77%
DIRECT FINANCIAL INSTITUTION EXPOSURE				
Union Bank of California, N.A.	\$172,614,361	\$6,934,530	\$179,548,891	25.27%
MBIA	\$114,500,000	\$1,693,973	\$116,193,973	16.76%
Sanwa Bank of California	\$25,385,000	\$443,523	\$25,828,523	3.72%
Tokai Bank	\$17,680,000	\$689,643	\$18,369,643	2.59%
City National Bank	\$18,270,000	\$282,742	\$18,552,742	2.67%
Bank of America	\$15,400,000	\$344,285	\$15,744,285	2.25%
Bank of Tokyo-Mitsubishi, Ltd.	\$11,015,000	\$130,369	\$11,145,369	1.61%
Wells Fargo Bank	\$9,380,000	\$207,202	\$9,587,202	1.37%
General Bank	\$8,600,000	\$229,727	\$8,829,727	1.26%
US Bank of California	\$6,800,000	\$78,247	\$6,878,247	1.00%
Bank of Nova Scotia	\$6,420,000	\$143,527	\$6,563,527	0.94%
Hibernia National Bank	\$5,410,000	\$120,947	\$5,530,947	0.79%
Comerica Bank - California	\$4,420,000	\$98,814	\$4,518,814	0.65%
Imperial Bank of California	\$3,700,000	\$76,636	\$3,776,636	0.54%
Pacific Century Bank, N.A.	\$3,600,000	\$53,260	\$3,653,260	0.53%
Santa Barbara Bank & Trust	\$3,485,000	\$58,434	\$3,543,434	0.51%
The Fuji Bank, Limited	\$3,385,000	\$70,111	\$3,455,111	0.50%
First National Bank	\$2,525,000	\$37,357	\$2,562,357	0.37%
Istituto Bancario San Paolo Di Tori	\$2,500,000	\$55,890	\$2,555,890	0.37%
Mellon Bank	\$1,200,000	\$26,827	\$1,226,827	0.18%
Fleet Bank	\$1,020,000	\$22,803	\$1,042,803	0.15%
CoreStates Bank	\$625,000	\$13,973	\$638,973	0.09%
Societe Generale	\$0	\$0	\$0	0.00%
1st Business Bank	\$600,000	\$13,414	\$613,414	0.09%
National Bank of Canada	\$220,000	\$4,918	\$224,918	0.03%
TOTAL - FINANCIAL INSTITUTION	\$438,754,361	#####	\$450,585,514	64.23%
TOTAL EXPOSURE	\$683,129,057	#####	\$701,459,204	100.00%